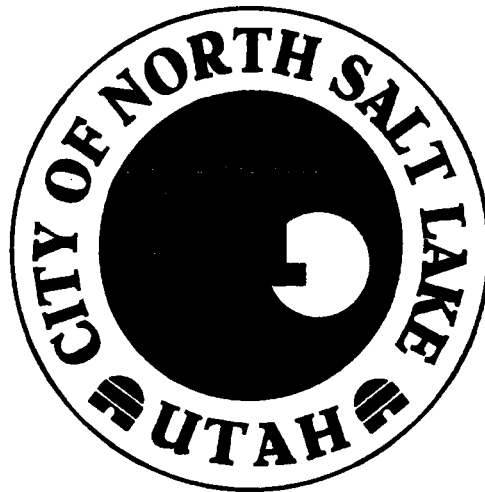


# **NORTH SALT LAKE CITY, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30<sup>th</sup>, 2005**



Prepared by:  
North Salt Lake City  
Administration Department

Brian K. Passey, MBA  
Finance Director

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## **INTRODUCTORY SECTION**



# CITY OF NORTH SALT LAKE

20 South Hwy 89 • PO Box 540208  
North Salt Lake, Utah 84054-0208  
(801) 936-3877

KAY W. BRIGGS  
Mayor

COLLIN H. WOOD  
City Manager

August 4, 2005

To the Mayor, City Council and Citizens of North Salt Lake City,

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of North Salt Lake City for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of North Salt Lake City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of North Salt Lake City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of North Salt Lake City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, North Salt Lake City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The North Salt Lake City's financial statements have been audited by Jensen & Keddington, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the North Salt Lake City for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that North Salt Lake City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Government

The North Salt Lake City was incorporated in 1946 under the laws of the Territory of Utah. The City is governed using a mayor-council form of government. The City Manager is the chief administrative and budget officer of the City. The Mayor is part of a six member elected body (five City Council Members) that develops policy and enacts local laws. The Mayor and Council Members are each elected for a four year term to serve the citizens at large.

The terms of office are staggered every two years (three council seats in one year and two council seats and mayor in the next election). The Council is organized into committees over the functional areas / departments of the City typically comprised of one elected official each. The City Manager, department heads, and professional employees comprise the Executive Management Team that operate the City day-to-day and recommend priorities to the Mayor and City Council.

The City provides the following services: public safety (police and fire), parks and recreation (parks, golf, and recreation programs), public works (engineering, planning and streets), public utilities (culinary water, storm water, and sanitation), and general government (executive, legal, administrative services).

The City limits cover an area of 8.1 square miles. The City's estimated population for 2005 is 10,500 with a potential for approximately 17,000 residents at build-out within seven to ten years.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of North Salt Lake's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

### **Factors Affecting Financial Condition**

The Information presented in the financial statements is perhaps best understood when it is considered in the specific environment within which the City of North Salt Lake operates.

**Local economy.** North Salt Lake is located in south Davis County and serves as a hub for industrial activity in the southernmost part of Davis County. The City is host to large industrial, manufacturing, warehouse and distribution type customers, car dealerships, and professional firms.

**Long-term financial planning.** North Salt Lake prides itself in conservative financial management and prudent financial planning. The City maintains a pay-as-you-go financing mechanism for the majority of capital facility needs but also utilizes the debt markets as market conditions become favorable and need arises. The City prepares and regularly updates its five-year capital improvement plan to ensure that capital needs are identified and funded. Operating budgets are reviewed extensively and balanced annually with conservatively estimated revenues.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in U.S. Treasury and Agency securities and high grade corporate debt in addition to certificates of deposit, through the Utah Public Treasurer's Investment Fund (UPTIF). Investments are made in compliance with State law. Information regarding the types, amounts and risks of investments held are contained in the footnotes in note 2. The investment maturities can range from one day to 3 years. The average maturity is approximately sixty-eight days. The average yield on the last day of the fiscal year was 3.23%, up from the average yield for the entire year of 2.44%. Yields and amounts include increases in fair value during the current year.

However, increases in fair value do not necessarily represent trends that will continue or cash that will be available. It is not always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**Risk management.** North Salt Lake is insured as a member of the Utah Local Governments Trust (ULGT) cooperative risk pool for general liability and workers' compensation. Resources have been budgeted for general liability premiums; the City accrues and accumulates funds for worker's compensation premiums. Payment of valid claims is administered by ULGT. In addition, ongoing training, an active safety committee, and other measures help to reduce losses further. The City has insurance policies covering errors and omissions, property (buildings and contents), and excess liability.

**Pension and other post-employment benefits.** The City participates in the State of Utah Retirement Systems for all full-time permanent employees. The City also provides deferred compensation plans under IRS code sections 401(k) and 457. These plans are administered directly by the City Finance Director on behalf of the City and its employees.

## Awards and Acknowledgments

On April 28<sup>th</sup>, 2005, North Salt Lake City received notice of a first-ever award through the Government Finance Officers Association (GFOA), known as the Certificate of Achievement for Excellence in Financial Reporting.

The Certificate is included as part of its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

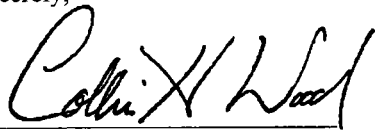
The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility at the present time.

In July 2003, the City received a first-ever rating of A or better on any of its outstanding bond obligations. The Series 2003 Golf General Obligation Bonds received ratings of AA- and A respectively, from Fitch Ratings (Standard & Poors), and Moody's Rating Services. This new A rating exceeds previous-best rating of BAA+ in the past. We anticipate that future bond ratings could be A or better.

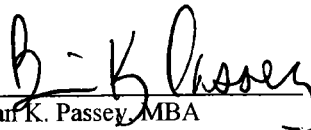
We appreciate all who contributed in any way toward the preparation of this comprehensive annual financial report. Their assistance has enabled us to bring together all of the data necessary to complete the report. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the departments which comprise the Administrative, Police, Public Works, and Golf Enterprise Departments of the City. In particular, we express thanks to Steven A. Harder, Chief of Police, Rodney J. Wood, Public Works Director, and Ryan Rhees, Golf Director/Pro, who individually and collectively lent support and resources to ensure that the annual audit, as well as operations throughout the year, run as smoothly as possible.

It is equally important to express our sincere thanks and appreciation to Mayor Kay W. Briggs and the members of the City Council for the many hours they spend in helping to run the City organization and to maintain the quality of life enjoyed by citizens of this great community.

Sincerely,



Collin H. Wood  
City Manager



Brian K. Passey, MBA  
City Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Salt Lake,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

**CITY OF NORTH SALT LAKE**  
**PRINCIPAL OFFICIALS**  
**June 30, 2005**

**ELECTED OFFICIALS**

Kay W. Briggs	Mayor
Lynn L. Ballard	City Council Member
Conrad L. Jacobson	City Council Member
A. Eugene Madsen	City Council Member
Bryan S. Morley	City Council Member
J. Brian Muir	City Council Member

**EXECUTIVE AND LEGAL OFFICIALS**

Collin H. Wood	City Manager
D. Michael Nielsen	City Attorney

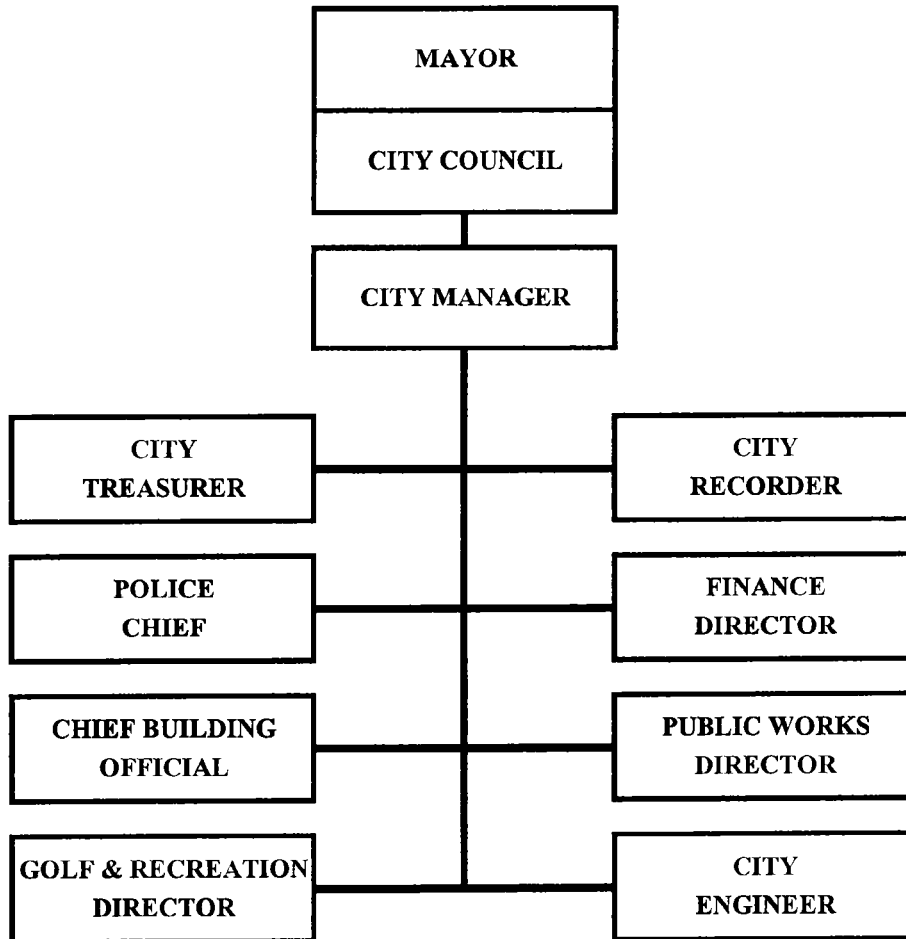
**STATUTORY APPOINTED OFFICIALS**

LeRae H. Dillingham	City Recorder
Aimee B. Schreiner	City Treasurer

**DEPARTMENT HEADS/ OTHER PROFESSIONAL EMPLOYEES**

Brian K. Passey	Finance Director
Ryan Rhees	Golf & Recreation Director
Steven A. Harder	Police Chief
Rodney J. Wood	Public Works Director
Paul A. Ottoson	City Engineer
Jerry Thompson	Chief Building Official

**CITY OF NORTH SALT LAKE**  
**ORGANIZATIONAL CHART**  
**June 30, 2005**



## FINANCIAL SECTION



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**Jensen & Keddington, P.C.**

Certified Public Accountants

Jeffrey B. Jensen, CPA  
Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of City Council  
City of North Salt Lake  
North Salt Lake, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Salt Lake's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake as of June 30, 2005, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as noted on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 4, 2005 on our consideration of the City of North Salt Lake's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of North Salt Lake basic financial statements. The introductory section, supplementary information, as listed in the table of contents, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Tennen & Keeddington*

August 4, 2005

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For The Year Ended June 30, 2005**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of City of North Salt Lake's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005.

Please read it in conjunction with the City's basic financial statements, which begin on page 11.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

Our analysis of the City as a whole begins on page 3. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non financial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings and water lines) to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

**Governmental activities:** most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Sales taxes, property taxes, utility taxes, and state and federal grants finance most of these activities.

**Business-type activities:** the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water system and golf course are reported here.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Our analysis of the City's major funds begins on page 8. The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City council establishes other funds to help it control and manage money for particular purposes, (ex. Capital Improvements Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (ex. Grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation with the fund financial statements.

*Proprietary funds:* when the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**The City as Trustee**

The City has no assets that – because of a trust arrangement – can be used only for the trust beneficiaries. Therefore, the City does not serve as Trustee for any agencies or other parties.

**THE CITY AS A WHOLE**

The City's combined net assets grew substantially again over a year ago – increasing from \$8,593,147 to \$12,201,195. Looking at net assets and net expenses for both governmental and business-type activities shows a strong upward trend. Our analysis which begins on the following page focuses on the net assets and changes in net assets of the City's governmental and business-type activities.



**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**City of North Salt Lake's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 6,898,657	\$ 5,243,755	\$ 1,888,647	\$ 3,189,148	\$ 8,787,304	\$ 8,432,903
Capital assets	4,167,143	2,895,133	10,464,496	8,357,872	14,631,639	11,253,005
<b>Total assets</b>	<b>\$ 11,065,800</b>	<b>\$ 8,138,888</b>	<b>\$ 12,353,143</b>	<b>\$ 11,547,020</b>	<b>\$ 23,418,943</b>	<b>\$ 19,685,908</b>
Long-term liabilities outstanding	\$ 251,675	\$ 210,777	\$ 657,625	\$ 8,117,675	\$ 909,300	\$ 8,328,452
Other liabilities	2,880,573	2,321,087	7,427,875	443,222	10,308,448	2,764,309
<b>Total liabilities</b>	<b>\$ 3,132,248</b>	<b>\$ 2,531,864</b>	<b>\$ 8,085,500</b>	<b>\$ 8,560,897</b>	<b>\$ 11,217,748</b>	<b>\$ 11,092,761</b>
Net assets:						
Investment in capital assets, net of related debt	\$ 4,167,143	\$ 2,895,133	\$ 2,742,731	\$ 2,460,797	\$ 6,909,874	\$ 5,355,930
Restricted	845,316	548,302	304,126	441,993	1,149,442	990,295
Unrestricted	2,921,093	2,163,589	1,220,786	83,333	4,141,879	2,246,922
<b>Total net assets</b>	<b>\$ 7,933,552</b>	<b>\$ 5,607,024</b>	<b>\$ 4,267,643</b>	<b>\$ 2,986,123</b>	<b>\$ 12,201,195</b>	<b>\$ 8,593,147</b>

Net assets of the City's governmental activities increased by \$2,326,528 or 41 percent. Changes to unrestricted net assets – the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$757,504 or 35 percent.

The net assets of the City's business-type activities increased by \$1,281,520 or 43 percent. This increase is explainable for both the water and golf course business activities. Water system increases are the result of abnormally high impact fee revenues, a non-operating income source due to high building permit activity. Golf net assets increased because of a large transfer in amount of \$665,650. This transfer amount helped the City eliminate a standing deficit net assets resulting from prior year deficits. The City generally can only use these net assets to finance the continuing operations of the water system and golf course.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**City of North Salt Lake's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 3,248,343	\$ 2,807,850	\$ 4,044,637	\$ 3,923,845	\$ 7,292,980	\$ 6,731,695
Operating grants and contributions	322,182	358,074	-	-	322,182	358,074
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	1,443,702	1,315,184	-	-	1,443,702	1,315,184
Other taxes	2,689,268	2,346,022	-	-	2,689,268	2,346,022
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,074,746	87,732	99,033	18,464	1,173,779	106,196
<b>Total revenues</b>	<b>8,778,241</b>	<b>6,914,862</b>	<b>4,143,670</b>	<b>3,942,309</b>	<b>12,921,911</b>	<b>10,857,171</b>
Expenses:						
General government	1,341,367	1,176,060	-	-	1,341,367	1,176,060
Public safety	1,897,414	1,730,511	-	-	1,897,414	1,730,511
Public health	570,053	450,463	-	-	570,053	450,463
Highways and public improvements	1,514,746	1,054,131	-	-	1,514,746	1,054,131
Parks, recreation and public property	472,264	374,073	-	-	472,264	374,073
Redevelopment	35,219	35,556	-	-	35,219	35,556
Interest on long-term debt	-	6,328	492,321	-	492,321	6,328
Water	-	-	1,642,982	1,710,124	1,642,982	1,710,124
Golf course	-	-	1,347,497	1,562,139	1,347,497	1,562,139
<b>Total expenses</b>	<b>5,831,063</b>	<b>4,827,122</b>	<b>3,482,800</b>	<b>3,272,263</b>	<b>9,313,863</b>	<b>8,099,385</b>
Increase in net assets before transfers	2,947,178	2,087,740	660,870	670,046	3,608,048	2,757,786
Transfers	(620,650)	(626,047)	620,650	626,047	-	-
<b>Increase (decrease) in net assets</b>	<b>2,326,528</b>	<b>1,461,693</b>	<b>1,281,520</b>	<b>1,296,093</b>	<b>3,608,048</b>	<b>2,757,786</b>
Net assets July 1, 2004	5,607,024	4,145,331	2,986,123	1,690,030	8,593,147	5,835,361
<b>Net assets June 30, 2005</b>	<b>\$ 7,933,552</b>	<b>\$ 5,607,024</b>	<b>\$ 4,267,643</b>	<b>\$ 2,986,123</b>	<b>\$ 12,201,195</b>	<b>\$ 8,593,147</b>

Total City general revenues increased by \$2,064,740 or 19%, while general program and service expenses increased by \$1,214,478 or 15 percent. Strong building department revenue and related permit fees led to an overall increase of \$2,326,528 in net assets. Our analysis to follow separately considers the operations of governmental and business-type activities.

**Governmental Activities**

Revenues for the City's governmental activities increased by \$1,863,379 or 27 percent and total expenses increased by \$1,003,941 or 21 percent. The factors driving these results include:

- In the middle of a building boom, the City issued 425 new residential permits this fiscal year, compared to 252 in the previous year, resulting in a 92% increase. Building plan check and permit revenue increased from \$910,264 to \$1,235,026 over the previous fiscal year, an increase of \$324,762 or 76%.
- General fund tax revenue increased from \$3,673,846 to 4,147,167, an increase of \$473,321 or 13%. Fines and forfeiture revenues decreased from \$601,023 to \$578,984, a decrease of \$22,039 or 4%.
- Other permit fees increased accordingly. Park development fees increased from \$462,850 to \$563,850, an increase of \$101,000 or 22%. Storm drain development fees increased from \$170,338 to \$171,480, an increase of \$1,142 or 1%.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**Business-type Activities**

Operating Revenues for the City's business-type activities increased by \$66,340 or 2 percent, and operating expenses increased by \$229,861 or 8 percent. Water development fees, a non-operating revenue, increased by \$25,095 or 2%. Net transfers into business-type activities decreased by \$289,725, a decrease of 30 percent. With very large increases in revenue and the slight overall increase in expenses, net assets increased by \$1,281,520. The factors driving these results include:

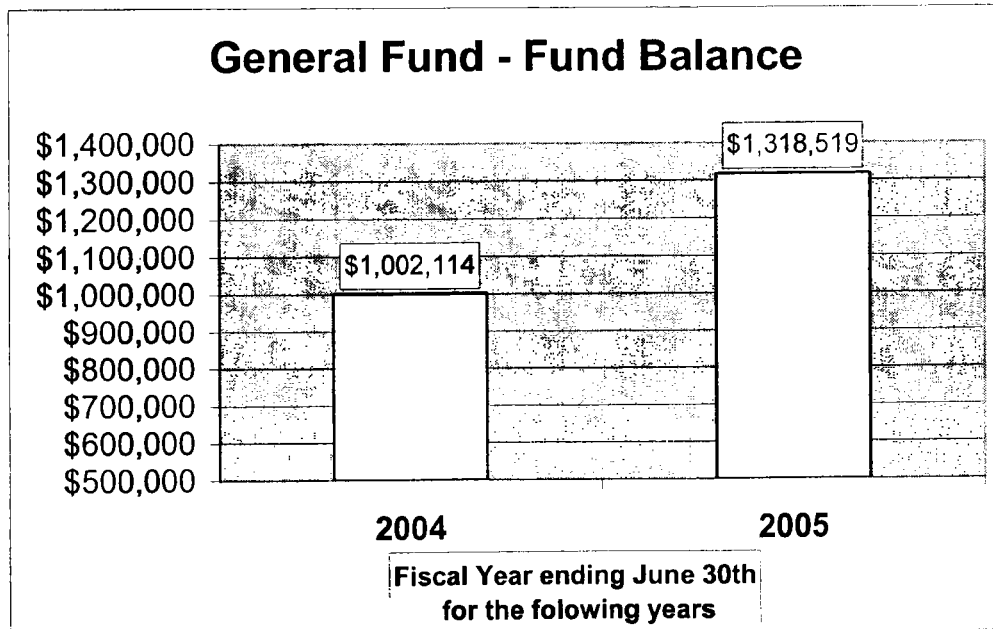
- Golf revenue decreased slightly by 0.3 percent, while golf expenses increased by 1.8 percent, resulting in a decrease of \$27,256 in golf operating income. Golf salaries & wages increased, while others decreased (ie, water purchases) at a slower rate. Fortunately, expense increases were mostly one-time, with the exception of salaries and wages.
- Water operating income decreased from \$84,589 to (\$51,676), a decrease of \$136,265. This is due to the completion of one-time, large repair projects to existing wells and pumphouses.

**THE CITY'S FUNDS**

**General Governmental Functions**

The General Fund

The fund balance increased by 32 percent (from \$1,002,114 to \$1,318,519). The following graphs show the increase to the fund balance.



**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**General Governmental Functions**

The increase to the fund balance is a result of an intention to reserve additional fund balance to something less than Utah State statutory maximum, which equals to eighteen (18) percent of subsequent year total budgeted revenue. While virtually every General Fund revenue type came in over original budget, excess General Fund Balance was reduced due primarily to transfers to the Capital Projects Fund and Golf Enterprise Funds. These transfers accomplished the following: (a) transfers to the Capital Projects fund are currently funding a planned-for City Shops building greatly needed, and (b) transfers to the Golf Fund eliminated retained earnings deficit accumulations in the early years of golf course operations. The net effect of these is an increase to the fund balance by \$316,405.

**Municipal Building Authority**

This fund records the debt service paid for by the Golf Enterprise Fund towards necessary bond payments for the clubhouse extension project finished in 2001. This fund balance is now zero, as the City opted to pay this bond off early in October 2003.

**Capital Projects Fund**

The only construction activity in this fund this year related to the construction-in-progress of a new Public Works Shops facility located at 642 North 400 West, North Salt Lake, Utah. The only other activity this year was the transfer in of \$1,150,000 from the general fund (to relieve excess fund balance).

**Business-type functions**

**Water fund**

Net assets of the water fund increased this year by approximately \$942,182 compared to an increase of \$990,503 last year. This decrease is due primarily to (a) a slight decrease in water operating revenue despite healthy growth to customer base, and (b) connection fee increases more than offset by increases to water purchases salaries and wages, supplies and services.

**Golf fund**

Net assets of the golf fund increased this year by approximately \$339,338 compared to an increase of \$305,590 last year. Because net assets were in a deficit position, it is also appropriate to say that the net assets deficit was eliminated by this same \$339,338 amount. This transfer amount overcame increases to salaries and wages, which went from \$560,151 to \$616,350, totaling \$56,199 or 10 percent. In August 2003, the City refunded the 1995 G.O. bond, resulting in a \$73,439 reduction to interest expense. This also aided in the overall improvement of \$339,338 to net assets discussed above, by lowering overall bond interest expenses.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City budget to reflect new information they received regarding revenues and expenditures. The final budget has been adjusted as follows. General tax and charge-for-service revenue have been revised upward to reflect unanticipated growth and activity. Overall general governmental expenditures were revised downward due to decreased expenditures in street operations, maintenance, and repair projects, offset partially by smaller increases to judicial, administrative, building operations & maintenance, police and fire expenditures. The judicial department saw an increase to overall personnel wage and benefit costs. Administrative cost increases were due to wage, benefit, and one-time increases to professional and technical services. Police expense increases included manpower, supplies, services, and equipment. Fire services contracted through the South Davis Metro Fire Agency increased by \$105,000 over prior fiscal year amounts. Due to a growing number of new households, both sanitation revenues and expenses increase together. Parks and recreation expenditures were adjusted slightly upward due to the City's desire to expand both programs.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**General Fund Budgetary Highlights (Continued)**

Street department operating expense decreases were in the areas of equipment repairs, snow removal, and new equipment purchases. Repair and reconstruction project expenses were likewise down, due to a perceived inability to finish certain projects in a timely manner to charge to fiscal year 2004-5.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2005 the City had \$14,631,639 invested in a broad range of capital assets, including land holdings, vehicles and maintenance equipment, buildings, park facilities, roads, and utility distribution the systems. This amount represents an increase of \$1,158,032 or 9 percent over the \$13,473,607 investment from last year.

This year's major additions include:

Two sedan-type police vehicles	\$ 48,857
Police department prisoner transportation pickup vehicle	28,769
New Shop Property, work-in-progress	659,719
Replacement golf carts – 20 quantity	61,660
5,200 ft Elevation Reservoir land purchase	30,786
Honey Plant Well Screening Improvement Project	79,274

The City issued no debt to finance acquisition and/or completion of the major asset additions listed above. All acquisitions were made with current, budgeted funds or accumulated reserves (for waterline projects). More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

**City of North Salt Lake Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Land	\$ 1,057,855	\$ 2,498,138	\$ 3,555,993
Buildings	485,461	1,250,410	1,735,871
Improvements	431,230	-	431,230
Golf Course	-	2,362,750	2,362,750
Water distribution system	-	3,816,730	3,816,730
Machinery and equipment	787,186	525,944	1,313,130
Infrastructure	1,058,247	-	1,058,247
Construction in progress	347,164	10,524	357,688
Total assets	<u>\$ 4,167,143</u>	<u>\$ 10,464,496</u>	<u>\$ 14,631,639</u>

**Debt**

At year-end, the City had \$8,047,315 in bonds and notes outstanding versus \$8,363,791 last year – a decrease of 3.8 percent. For government activities, the City did not incur any new debt. For additional information on debt, see pages 33-35 of this report.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**For The Year Ended June 30, 2005**

**Debt (Continued)**

For business-type activities, the City issued no new debt. Overall debt went from \$8,363,791 to \$8,047,315, a decrease of \$316,476 or 4%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's management purchased land, performed site preparation, and is presently constructing its new City shop facility to be located at 642 North 400 West. The City acquired the property following a land purchase closing on August 12, 2004. The City already has the funds budgeted to perform all pre-construction work at this site. The City sold its present property, located on the corner of 700 West and Center Street, on February 4, 2005. Proceeds from this sale are reimbursing all of the land acquisition and pre-construction work described above. Structure construction costs are funded in the Capital Projects fund, and are currently appropriated. Appropriation of such funds is found in Budget Year 2005-2006.

Owing to strong growth on its southeast bench, the City's management anticipates the need to construct an additional water reservoir tank at its current 5,200 ft. elevation property. This commenced in August 2005. This reservoir tank project is appropriated in the water fund budget for fiscal year 2005-6. Cost for this tank project is expected to be approximately \$700,000. Water rate increases may be necessary, in addition to strong permit revenue collection of water development impact fees. The water development portion of the water fund reserves are already adequate to fund this future project.

The City has budgeted an early payoff of its 1998 Series Water Bond. This bond has a remaining bond principal balance of \$415,000 as of June 30th, 2005. The water fund, at its present pace of development impact fee collection, may also fund this payoff possibility in the near future.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,201,193	\$ 2,146,019	\$ 5,347,212
Receivables:			
Accounts, net	69,529	161,913	231,442
Taxes	1,762,212	-	1,762,212
Intergovernmental	75,000	-	75,000
Inventories	-	184,621	184,621
Internal balances	908,032	(908,032)	-
Prepays	6,500	-	6,500
Restricted assets:			
Cash and cash equivalents	876,191	304,126	1,180,317
Capital assets (net of accumulated depreciation):			
Land	1,057,855	2,498,138	3,555,993
Buildings	485,461	1,250,410	1,735,871
Improvements	431,230	-	431,230
Golf Course	-	2,362,750	2,362,750
Water distribution system	-	3,816,730	3,816,730
Machinery and equipment	787,186	525,944	1,313,130
Infrastructure	1,058,247	-	1,058,247
Construction in progress	347,164	10,524	357,688
<b>Total Assets</b>	<b>\$ 11,065,800</b>	<b>\$ 12,353,143</b>	<b>\$ 23,418,943</b>
<b>Liabilities:</b>			
Accounts payable	\$ 598,090	\$ 147,076	\$ 745,166
Accrued liabilities	41,247	36,968	78,215
Liabilities payable from restricted assets	30,875	-	30,875
Customer deposits	-	105,816	105,816
Deferred revenue	1,737,711	-	1,737,711
Construction bonds held	472,650	-	472,650
Noncurrent liabilities:			
Due within one year	-	657,625	657,625
Due in more than one year	251,675	7,138,015	7,389,690
<b>Total Liabilities</b>	<b>3,132,248</b>	<b>8,085,500</b>	<b>11,217,748</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	4,167,143	2,742,731	6,909,874
Restricted for:			
Impact fees	839,664	-	839,664
Debt service	-	304,126	304,126
Property tax increment	5,652	-	5,652
Unrestricted	2,921,093	1,220,786	4,141,879
<b>Total Net Assets</b>	<b>7,933,552</b>	<b>4,267,643</b>	<b>12,201,195</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,065,800</b>	<b>\$ 12,353,143</b>	<b>\$ 23,418,943</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2005**

Functions/Programs	Programs Revenue			Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General governmental	\$ 1,341,367	\$ 1,371,572	\$ 22,733	\$ -	\$ 52,938	\$ -	\$ 52,938
Public safety	1,897,414	584,068	8,871	-	(1,304,475)	-	(1,304,475)
Public health	570,053	484,329	-	-	(85,724)	-	(85,724)
Highways and public improvements	1,514,746	172,857	290,578	-	(1,051,311)	-	(1,051,311)
Parks, recreation and public property	472,264	598,101	-	-	125,837	-	125,837
Redevelopment	35,219	37,416	-	-	2,197	-	2,197
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	5,831,063	3,248,343	322,182	-	(2,260,538)	-	(2,260,538)
Business-type Activities:							
Water	1,734,931	2,704,934	-	-	-	970,003	970,003
Golf Course	1,747,869	1,339,703	-	-	-	(408,166)	(408,166)
Total Business-type Activities	3,482,800	4,044,637	-	-	-	561,837	561,837
Total Government	\$ 9,313,863	\$ 7,292,980	\$ 322,182	\$ -	(2,260,538)	561,837	(1,698,701)
General Revenues:							
			Property taxes		1,443,702	-	1,443,702
			Sales taxes		1,675,922	-	1,675,922
			Franchise taxes		1,013,346	-	1,013,346
			Unrestricted interest on investments		75,209	17,179	92,388
			Other		670,084	60,250	730,334
			Gain (loss) on sale of capital assets		329,453	21,604	351,057
			Transfers		(620,650)	620,650	-
			Total General Revenues		4,587,066	719,683	5,306,749
Changes in Net Assets							
					2,326,528	1,281,520	3,608,048
			Net Assets, Beginning		5,607,024	2,986,123	8,593,147
			Net Assets, Ending		\$ 7,933,552	\$ 4,267,643	\$ 12,201,195

The accompanying notes are an integral part of the financial statements.



**CITY OF NORTH SALT LAKE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2005**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,194,873	\$ 2,006,320	\$ -	\$ 3,201,193
Receivables:				
Accounts, net	69,529	-	-	69,529
Taxes	1,726,212	-	36,000	1,762,212
Intergovernmental	75,000	-	-	75,000
Due from other funds	908,032	-	-	908,032
Prepays	6,500	-	-	6,500
Restricted assets:				
Cash and cash equivalents	-	-	876,191	876,191
<b>Total Assets</b>	<u>\$ 3,980,146</u>	<u>\$ 2,006,320</u>	<u>\$ 912,191</u>	<u>\$ 6,898,657</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 446,019	\$ 152,071	\$ 30,875	\$ 628,965
Accrued liabilities	41,247	-	-	41,247
Deferred revenue	1,701,711	-	36,000	1,737,711
Construction bonds held	472,650	-	-	472,650
<b>Total Liabilities</b>	<u>2,661,627</u>	<u>152,071</u>	<u>66,875</u>	<u>2,880,573</u>
<b>Fund Balances:</b>				
Reserved for:				
Impact fees	-	-	839,664	839,664
Property tax increment	-	-	5,652	5,652
Prepays	6,500	-	-	6,500
Unreserved, reported in:				
General Fund	1,312,019	-	-	1,312,019
Capital Projects Fund	-	1,854,249	-	1,854,249
<b>Total Fund Balances</b>	<u>1,318,519</u>	<u>1,854,249</u>	<u>845,316</u>	<u>4,018,084</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,980,146</u>	<u>\$ 2,006,320</u>	<u>\$ 912,191</u>	<u>\$ 6,898,657</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2005**

Amounts reported for governmental activities in the statement of net assets  
are different because:

Total fund balance - governmental funds	\$ 4,018,084
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,167,143
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	<u>(251,675)</u>
Total net assets - governmental activities	<u><u>\$ 7,933,552</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2005**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 4,147,166	\$ -	\$ 37,219	\$ 4,184,385
Licenses and permits	94,031	-	-	94,031
Intergovernmental revenues	322,182	-	-	322,182
Charges for services	1,778,873	-	-	1,778,873
Impact fees	-	-	735,330	735,330
Fines and forfeitures	578,984	-	-	578,984
Interest	75,209	-	18,673	93,882
Miscellaneous	26,397	-	-	26,397
<b>Total Revenues</b>	<b>7,022,842</b>	<b>-</b>	<b>791,222</b>	<b>7,814,064</b>
<b>Expenditures:</b>				
Current:				
General government	1,234,099	-	-	1,234,099
Public safety	1,830,781	-	-	1,830,781
Public health	472,988	-	-	472,988
Highways and public improvements	1,377,449	-	32,213	1,409,662
Parks, recreation, and public property	190,825	-	224,700	415,525
Redevelopment	-	-	35,219	35,219
Capital outlay:				
General government	69,323	-	-	69,323
Public safety	84,633	-	-	84,633
Public health	23,913	-	-	23,913
Highways and public improvements	89,140	-	60,339	149,479
Parks, recreation, and public property	43,216	668,003	64,737	775,956
<b>Total Expenditures</b>	<b>5,416,367</b>	<b>668,003</b>	<b>417,208</b>	<b>6,501,578</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	1,606,475	(668,003)	374,014	1,312,486
<b>Other Financing Sources (Uses):</b>				
Transfer in	122,000	1,150,000	-	1,272,000
Transfer out	(1,815,650)	-	(77,000)	(1,892,650)
Sale of assets	403,580	-	-	403,580
<b>Total Other Financing Sources and Uses</b>	<b>(1,290,070)</b>	<b>1,150,000</b>	<b>(77,000)</b>	<b>(217,070)</b>
<b>Net Change in Fund Balances</b>	<b>316,405</b>	<b>481,997</b>	<b>297,014</b>	<b>1,095,416</b>
<b>Fund Balance, Beginning</b>	<b>1,002,114</b>	<b>1,372,252</b>	<b>548,302</b>	<b>2,922,668</b>
<b>Fund Balance, Ending</b>	<b>\$ 1,318,519</b>	<b>\$ 1,854,249</b>	<b>\$ 845,316</b>	<b>\$ 4,018,084</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ 1,095,416
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(288,389)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets.	999,801
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase net assets.	560,598
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(40,898)
Change in net assets of governmental activities	<u>\$ 2,326,528</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,663,150	\$ 4,113,500	\$ 4,147,166	\$ 33,666
Licenses and permits	90,000	93,000	94,031	1,031
Intergovernmental revenues	593,000	414,000	322,182	(91,818)
Charges for services	1,235,000	1,821,000	1,778,873	(42,127)
Fines and forfeitures	595,000	600,000	578,984	(21,016)
Interest	27,000	71,500	75,209	3,709
Miscellaneous	18,850	23,200	26,397	3,197
<b>Total Revenues</b>	<b>6,222,000</b>	<b>7,136,200</b>	<b>7,022,842</b>	<b>(113,358)</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	96,550	97,500	91,087	6,413
Judicial	293,500	309,500	292,524	16,976
Administrative	273,900	279,400	272,717	6,683
Government buildings	84,200	126,000	126,719	(719)
Planning and zoning	61,250	66,050	70,373	(4,323)
Building inspection	244,500	288,500	286,679	1,821
Engineering	135,950	132,750	129,166	3,584
Community development	34,000	35,000	34,157	843
Public safety:				
Police	1,141,700	1,195,200	1,171,168	24,032
Animal control	12,500	14,000	13,536	464
Fire	703,975	730,975	730,710	265
Public health:				
Sanitation	474,500	494,400	496,901	(2,501)
Highways and public improvements:				
Streets	745,650	661,650	575,800	85,850
Public works	1,413,000	1,113,400	890,789	222,611
Parks, recreation, and public property:				
Parks	208,825	216,075	217,374	(1,299)
Recreation	10,000	12,800	16,667	(3,867)
<b>Total Expenditures</b>	<b>5,934,000</b>	<b>5,773,200</b>	<b>5,416,367</b>	<b>356,833</b>
Excess of Revenues Over (Under) Expenditures	288,000	1,363,000	1,606,475	243,475
<b>Other Financing Sources (Uses):</b>				
Transfer in	122,000	122,000	122,000	-
Transfer out	(413,000)	(1,890,000)	(1,815,650)	74,350
Sale of assets	3,000	405,000	403,580	(1,420)
<b>Total Other Financing Sources and Uses</b>	<b>(288,000)</b>	<b>(1,363,000)</b>	<b>(1,290,070)</b>	<b>72,930</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>316,405</b>	<b>\$ 316,405</b>
<b>Fund Balance, Beginning</b>			<b>1,002,114</b>	
<b>Fund Balance, Ending</b>			<b>\$ 1,318,519</b>	

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2005**

	Business-type Activities - Enterprise Funds				
	Water	Water	Golf	Golf	Totals
	Current Year	Prior Year	Current Year	Prior Year	Current Year
<b>Assets:</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,903,496	\$ 1,076,574	\$ 242,523	\$ 27,595	\$ 2,146,019
Accounts receivable, net	153,914	174,376	7,999	13,825	161,913
Inventory	126,669	110,192	57,952	64,195	184,621
<b>Total Current Assets</b>	<b>2,184,079</b>	<b>1,361,142</b>	<b>308,474</b>	<b>105,615</b>	<b>2,492,553</b>
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents	304,126	441,993	-	-	304,126
Capital assets:					
Land	144,663	113,877	2,353,475	2,353,475	2,498,138
Buildings	294,908	294,908	1,193,016	1,167,527	1,487,924
Golf Course	-	-	3,030,568	3,030,567	3,030,568
Water distribution system	5,405,595	5,310,498	-	-	5,405,595
Machinery and equipment	572,134	570,733	812,663	879,117	1,384,797
Construction in progress	10,524	-	-	-	10,524
Accumulated depreciation	(2,025,879)	(1,823,348)	(1,327,171)	(1,318,882)	(3,353,050)
Due from other funds	33,588	33,588	-	-	33,588
<b>Total Noncurrent Assets</b>	<b>4,739,659</b>	<b>4,942,249</b>	<b>6,062,551</b>	<b>6,111,804</b>	<b>10,802,210</b>
<b>Total Assets</b>	<b>\$ 6,923,738</b>	<b>\$ 6,303,391</b>	<b>\$ 6,371,025</b>	<b>\$ 6,217,419</b>	<b>\$ 13,294,763</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET ASSETS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**June 30, 2005**

	Business-type Activities - Enterprise Funds				
	Water	Water	Golf	Golf	Totals
	Current Year	Prior Year	Current Year	Prior Year	Current Year
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 82,735	\$ 90,486	\$ 64,342	\$ 47,427	\$ 147,077
Accrued liabilities	17,976	150,038	18,992	19,571	36,968
Compensated absences	8,230	8,104	16,395	11,219	24,625
Bonds payable	238,000	228,000	395,000	85,000	633,000
<b>Total Current Liabilities</b>	<b>346,941</b>	<b>476,628</b>	<b>494,729</b>	<b>163,217</b>	<b>841,670</b>
<b>Noncurrent Liabilities:</b>					
Due to other funds	-	-	941,619	973,790	941,619
Customer deposits	105,816	81,038	-	-	105,816
Compensated absences	17,380	15,476	31,870	19,863	49,250
Notes payable	-	-	657,000	657,000	657,000
Bonds payable	2,185,958	2,404,788	4,245,807	4,742,887	6,431,765
<b>Total Noncurrent Liabilities</b>	<b>2,309,154</b>	<b>2,501,302</b>	<b>5,876,296</b>	<b>6,393,540</b>	<b>8,185,450</b>
<b>Total Liabilities</b>	<b>2,656,095</b>	<b>2,977,930</b>	<b>6,371,025</b>	<b>6,556,757</b>	<b>9,027,120</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	1,977,987	1,833,880	764,744	626,917	2,742,731
Restricted for debts service	304,126	441,993	-	-	304,126
Unrestricted	1,985,530	1,049,588	(764,744)	(966,255)	1,220,786
<b>Total Net Assets</b>	<b>4,267,643</b>	<b>3,325,461</b>	<b>-</b>	<b>(339,338)</b>	<b>4,267,643</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,923,738</b>	<b>\$ 6,303,391</b>	<b>\$ 6,371,025</b>	<b>\$ 6,217,419</b>	<b>\$ 13,294,763</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2005**

Business-type Activities - Enterprise Funds					
	Water Current Year	Water Prior Year	Golf Current Year	Golf Prior Year	Totals Current Year
<b>Operating Revenues:</b>					
Water sales	\$ 1,334,848	\$ 1,393,996	\$ -	\$ -	\$ 1,334,848
Golf fees	-	-	643,121	710,018	643,121
Rent/lease	-	-	456,379	423,814	456,379
Connection fees	209,623	120,850	-	-	209,623
Sales	-	-	223,579	203,980	223,579
Other	47,456	7,310	16,624	5,322	64,080
<b>Total Operating Revenues</b>	<b>1,591,927</b>	<b>1,522,156</b>	<b>1,339,703</b>	<b>1,343,134</b>	<b>2,931,630</b>
<b>Operating Expenses:</b>					
Salaries & benefits	356,059	316,940	616,350	560,151	972,409
Office expense and supplies	8,835	8,809	15,809	18,714	24,644
Equipment - supplies and maintenance	100,344	216,953	70,983	95,691	171,327
Building and grounds - supplies and maintenance	40,171	28,165	31,831	47,939	72,002
Special department supplies	309,251	27,204	105,862	90,795	415,113
Power purchases	223,501	237,628	24,259	21,847	247,760
Water purchases	333,150	310,335	94,260	120,137	427,410
Professional services	28,547	63,065	33,192	41,046	61,739
Merchandise	-	-	131,002	106,140	131,002
Depreciation	226,528	214,621	164,778	166,341	391,306
Other	17,217	13,847	28,233	23,933	45,450
<b>Total Operating Expenses</b>	<b>1,643,603</b>	<b>1,437,567</b>	<b>1,316,559</b>	<b>1,292,734</b>	<b>2,960,162</b>
<b>Operating Income (Loss)</b>	<b>(51,676)</b>	<b>84,589</b>	<b>23,144</b>	<b>50,400</b>	<b>(28,532)</b>
<b>Nonoperating Income (Expense):</b>					
Interest income	48,561	18,956	-	-	48,561
Impact fees	1,081,625	1,056,530	-	-	1,081,625
Interest expense	(91,328)	(124,572)	(431,310)	(417,390)	(522,638)
Gain (loss) on sale of assets	-	-	21,604	1,533	21,604
Transfers in	-	-	665,650	955,375	665,650
Transfers out	(45,000)	(45,000)	-	(284,328)	(45,000)
Other income	-	-	60,250	-	60,250
<b>Total Nonoperating Income (Expense)</b>	<b>993,858</b>	<b>905,914</b>	<b>316,194</b>	<b>255,190</b>	<b>1,310,052</b>
<b>Changes in Net Assets</b>	<b>942,182</b>	<b>990,503</b>	<b>339,338</b>	<b>305,590</b>	<b>1,281,520</b>
<b>Net Assets, Beginning</b>	<b>3,325,461</b>	<b>2,334,958</b>	<b>(339,338)</b>	<b>(644,928)</b>	<b>2,986,123</b>
<b>Net Assets, Ending</b>	<b>\$ 4,267,643</b>	<b>\$ 3,325,461</b>	<b>\$ -</b>	<b>\$ (339,338)</b>	<b>\$ 4,267,643</b>

The accompanying notes are an integral part of the financial statements.



**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2005**

	Business-type Activities - Enterprise Funds				
	Water Current Year	Water Prior Year	Golf Current Year	Golf Prior Year	Totals Current Year
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 1,637,167	\$ 1,512,208	\$ 1,345,529	\$ 1,342,205	\$ 2,982,696
Payments to suppliers	(1,085,243)	(858,027)	(538,672)	(561,817)	(1,623,915)
Payments to employees and related benefits	(486,091)	(343,776)	(601,217)	(577,912)	(1,087,308)
Net cash flows from operating activities	65,833	310,405	205,640	202,476	271,473
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers in	-	-	665,650	955,375	665,650
Transfers out	(45,000)	(45,000)	-	(284,328)	(45,000)
Interest paid	(71,329)	(106,967)	(283,391)	(292,198)	(354,720)
Impact fees	1,081,625	1,056,530	-	-	1,081,625
Due to other funds	-	-	(32,171)	(338,469)	(32,171)
Proceeds from other income	-	-	60,250	-	60,250
Net cash flows from noncapital financing activities	965,296	904,563	410,338	40,380	1,375,634
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Purchase of capital assets	(161,805)	(262,816)	(87,654)	(119,298)	(249,459)
Proceeds from sales of capital assets	-	-	21,604	4,088	21,604
Proceeds from bonds issued	-	1,086,352	-	5,950,000	-
Bond payments	(228,830)	(1,373,000)	(335,000)	(6,260,000)	(563,830)
Net cash flows from capital and related financing activities	(390,635)	(549,464)	(401,050)	(425,210)	(791,685)
<b>Cash Flows From Investing Activities:</b>					
Interest on investments	48,561	18,956	-	-	48,561
Due from other funds	-	472,110	-	-	-
Net cash flows from investing activities	48,561	491,066	-	-	48,561
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	689,055	1,156,570	214,928	(182,354)	903,983
<b>Cash and Cash Equivalents At Beginning Of Year</b>	1,518,567	361,997	27,595	209,949	1,546,162
<b>Cash and Cash Equivalents At End Of Year</b>	<u>\$ 2,207,622</u>	<u>\$ 1,518,567</u>	<u>\$ 242,523</u>	<u>\$ 27,595</u>	<u>\$ 2,450,145</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2005**

	Business-type Activities - Enterprise Funds				
	Water Current Year	Water Prior Year	Golf Current Year	Golf Prior Year	Totals Current Year
Reconciliation of operating income to net cash flows from operating activities:					
Earnings (loss) from operations	\$ (51,676)	\$ 84,589	\$ 23,144	\$ 50,400	\$ (28,532)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:					
Depreciation	226,528	214,621	164,778	166,341	391,306
Changes in assets and liabilities					
Accounts receivable, net	20,462	(22,191)	5,826	2,071	26,288
Inventories	(16,476)	(87,184)	6,243	5,775	(10,233)
Accounts payable	(7,751)	1,995	(10,956)	(4,350)	(18,707)
Accrued liabilities	(130,032)	106,332	16,605	(17,761)	(113,427)
Customer deposits	24,778	12,243	-	-	24,778
Net cash flows from operating activities	<u>\$ 65,833</u>	<u>\$ 310,405</u>	<u>\$ 205,640</u>	<u>\$ 202,476</u>	<u>\$ 271,473</u>
<u>Noncash financing activities</u>					
Amortization of cost of issuance on bonds	\$ 19,169	\$ 17,605	\$ 147,919	\$ 125,192	\$ 167,088

The accompanying notes are an integral part of the financial statements.

## CITY OF NORTH SALT LAKE NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of North Salt Lake (the City) operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety, public health, public improvements, highways, recreation, and general administrative services.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has elected to implement the general provisions of the statement in the current year.

#### (A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

The North Salt Lake City Redevelopment Agency and Municipal Building Authority are entities legally separate from the City and are governed by the members of the City Council. For financial reporting purposes, the Redevelopment Agency and the Municipal Building Authority are reported as if they were part of the City's operations. These entities are presented as a special revenue funds.

Financial information for the above mentioned component units may be obtained at the City's office, located at 20 South Hwy 89, North Salt Lake, Utah, 84054.

The City's basic financial statements include all City operations.

(B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they become an enforceable lien. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by enterprise funds).

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution system.

The Golf Fund accounts for the activities of the City's golf course.

Additionally, the City reports the following fund types:

Special Revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The City accounts for the Redevelopment Agency, Municipal Building Authority, and storm drain and park development impact fees in special revenue funds.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods and services, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund and the Golf Course enterprise fund are charges to customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**(D) Budgetary Data**

The City Council follows these procedures in establishing the budgetary data reflected in the financial statement –

- (1) Prior to May 1, the City Manager and Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted in the City to obtain taxpayer comments.
- (3) Prior to June 22, the budget is formally adopted after a public hearing.
- (4) The City Council is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved following a public hearing.

Budgets are prepared consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were adopted. City management may make transfers of appropriations within a department. Transfers of appropriations between departments requires the approval of the council.

**(E) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash accounts, and highly liquid investments.

**Investments**

Investments of the City are stated at cost, which approximates fair market value. Investments of the City are in the form of accounts at the Utah Public Treasurer's Investments Fund.

**(F) Inventory**

Inventories of the enterprise funds are stated at cost using the first in first out method.

**(G) Prepays**

Prepays in the governmental funds are accounted for using the consumption method.

**(H) Restricted Assets**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# CITY OF NORTH SALT LAKE

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Improvements other than buildings	30-50
Machinery and equipment	3-12
Furniture and fixtures	5-10
Infrastructure	30-50

(J) Property Taxes

Property taxes attach as an enforceable lien on property as of the first of January. Taxes are levied on October 1 and are due and payable at November 30.

(K) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(L) Fund Balances - Reserved

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. The reserved fund balance for the Special Revenue Funds represent property tax and impact fees collected that are to be used exclusively for future expenditures for the purpose for which the taxes and fees were implemented.

# CITY OF NORTH SALT LAKE

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes the cash account and one investment, which is available for use by all funds.

The City's deposit and investment policy is to follow the Utah Money Management Act. However, the City does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the City and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2005, the City had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 415,840
State Treasurer's investment pool	6,226,181
	<u>\$ 6,642,021</u>

*Interest rate risk.* The City manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

*Credit risk.* As of June 30, 2005 the Utah Public Treasurer's Investment Fund was unrated.

*Concentration of credit Risk.* The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005, \$215,840 of the \$415,840 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure if the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.



**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 2 CASH AND INVESTMENTS (Continued)**

Components of cash and investments (including interest earning deposits) at June 30, 2005, are as follows:

Cash on hand and on deposit:	
Cash on hand	\$ 900
Cash on deposit	301,407
Utah State Treasurer's investment pool account	<u>6,225,222</u>
Total cash and investments	<u>\$ 6,527,529</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 5,347,212
Restricted cash and cash equivalents and investments	<u>1,180,317</u>
Total cash and investments	<u>\$ 6,527,529</u>

**NOTE 3 RESTRICTED ASSETS**

Restricted assets consist of cash reserves required by bonding agreements for repair and replacement costs and for future bond payments. Additionally, restricted assets consist of impact fees collected that have not yet been used for their intended purpose.

**NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2005 for all funds is \$6,428.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 597,015	\$ 460,840	\$ -	\$ 1,057,855
Construction in progress	-	347,164	-	347,164
<b>Total capital assets, not being depreciated</b>	<b>597,015</b>	<b>808,004</b>	<b>-</b>	<b>1,405,019</b>
<b>Capital assets, being depreciated:</b>				
Buildings	1,485,162	-	170,276	1,314,886
Improvements other than buildings	558,243	36,347	-	594,590
Machinery and equipment	1,900,825	221,163	85,120	2,036,868
Infrastructure	505,532	569,625	-	1,075,157
<b>Total capital assets, being depreciated</b>	<b>4,449,762</b>	<b>827,135</b>	<b>255,396</b>	<b>5,021,501</b>
<b>Less accumulated depreciation for:</b>				
Buildings	904,141	38,848	113,564	829,425
Improvements other than buildings	149,127	14,233	-	163,360
Machinery and equipment	1,098,376	218,398	67,092	1,249,682
Infrastructure	-	16,910	-	16,910
<b>Total accumulated depreciation</b>	<b>2,151,644</b>	<b>288,389</b>	<b>180,656</b>	<b>2,259,377</b>
<b>Total capital assets being depreciated, net</b>	<b>2,298,118</b>	<b>538,746</b>	<b>74,740</b>	<b>2,762,124</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,895,133</b>	<b>\$ 1,346,750</b>	<b>\$ 74,740</b>	<b>\$ 4,167,143</b>

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS AND DEPRECIATION (Continued)**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,467,352	\$ 30,786	\$ -	\$ 2,498,138
Construction in progress	-	10,524	-	10,524
<b>Total capital assets, not being depreciated</b>	<u>2,467,352</u>	<u>41,310</u>	<u>-</u>	<u>2,508,662</u>
Capital assets, being depreciated:				
Buildings	1,462,440	25,489	-	1,487,929
Golf Course	3,030,569	-	-	3,030,569
Water distribution system	5,310,497	95,097	-	5,405,594
Machinery & equipment	1,449,850	115,432	180,485	1,384,797
<b>Total capital assets, being depreciated</b>	11,253,356	236,018	180,485	11,308,889
Less accumulated depreciation for:				
Buildings	205,003	32,516	-	237,519
Golf Course	606,104	61,715	-	667,819
Water distribution system	1,416,177	172,687	-	1,588,864
Machinery & equipment	914,950	124,388	180,485	858,853
<b>Total accumulated depreciation</b>	3,142,234	391,306	180,485	3,353,055
<b>Total capital assets being depreciated, net</b>	<u>8,111,122</u>	<u>(155,288)</u>	<u>-</u>	<u>7,955,834</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 10,578,474</u>	<u>\$ (113,978)</u>	<u>\$ -</u>	<u>\$ 10,464,496</u>

Depreciation expenses were charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 86,371
Public safety	46,252
Public health	21,504
Highways and public improvements	102,303
Parks, recreation and public property	31,959
<b>Total depreciation expense - governmental activities</b>	<u>\$ 288,389</u>

**NOTE 6 DEFERRED REVENUE**

In conjunction with the implementation of GASB pronouncement 33 "Accounting and Financial Reporting for Nonexchange Transactions" the City has accrued a property tax receivable and deferred property tax revenue in the amount of \$1,386,000.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 6 DEFERRED REVENUE (Continued)**

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1 and then are due and payable at November 30.

Since the property tax to be levied on October 1, 2005 is not expected to be received within 60 days after year ended June 30, 2005, the City is required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2005.

**NOTE 7 LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2005.

	July 1, 2004	Additions	Reductions	June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
<b>Other liabilities</b>					
Compensated absences	\$ 210,777	\$ 50,715	\$ 9,817	\$ 251,675	\$ -
<b>Total other liabilities</b>	<u>210,777</u>	<u>50,715</u>	<u>9,817</u>	<u>251,675</u>	<u>-</u>
<b>Governmental activities long-term liabilities</b>	<u>210,777</u>	<u>50,715</u>	<u>9,817</u>	<u>251,675</u>	<u>-</u>
<b>Business-type activities</b>					
<b>Bonds payable</b>					
Water revenue bonds	2,765,000	-	228,000	2,537,000	238,000
G.O. refunding bond	6,205,000	-	85,000	6,120,000	395,000
Plus: unamortized premium	-	-	-	-	-
Less: debt issuance costs	(1,509,325)	250,000	167,090	(1,592,235)	-
<b>Total bonds payable</b>	<u>7,460,675</u>	<u>250,000</u>	<u>480,090</u>	<u>7,064,765</u>	<u>633,000</u>
<b>Notes payable</b>					
Golf course note payable	657,000	-	-	657,000	-
<b>Total notes payable</b>	<u>657,000</u>	<u>-</u>	<u>-</u>	<u>657,000</u>	<u>-</u>
<b>Other liabilities</b>					
Compensated absences	35,339	42,549	4,013	73,875	24,625
<b>Total other liabilities</b>	<u>35,339</u>	<u>42,549</u>	<u>4,013</u>	<u>73,875</u>	<u>24,625</u>
<b>Business-type activities long-term liabilities</b>	<u>8,153,014</u>	<u>292,549</u>	<u>484,103</u>	<u>7,795,640</u>	<u>657,625</u>
<b>Total Governmental</b>	<u>\$ 8,363,791</u>	<u>\$ 343,264</u>	<u>\$ 493,920</u>	<u>\$ 8,047,315</u>	<u>\$ 657,625</u>

Compensated absences is generally liquidated by the General Water and Golf Funds.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 7 LONG-TERM DEBT (Continued)**

**Water Revenue Refunding Bonds, Series 1998**

<u>Year ending June 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	4.70%	\$ 45,000	\$ 19,422	\$ 64,422
2007	4.75%	45,000	17,296	62,296
2008	4.80%	50,000	15,028	65,028
2009	4.80%	50,000	12,615	62,615
2010	4.95%	50,000	10,165	60,165
2011-2013	5.05%-5.15%	175,000	13,704	188,704
		415,000	<u>\$ 88,230</u>	<u>\$ 503,230</u>
Less debt issuance costs		<u>(37,039)</u>		
		<u>\$ 377,961</u>		

In July of 1998 the City issued Series 1998 Water Revenue Refunding Bonds with a par value of \$675,000 to refinance \$605,000 of outstanding Water Revenue Obligation Bonds, Series February 5, 1992. The net proceeds of \$672,824 plus \$66,823 of bond reserve fund (after payment of approximately \$35,000 for bond issuance costs and \$65,050 for reserve funds) were placed with an escrow agent to provide for future payments on the Series February 5, 1992 bonds. The balance of the Series February 5, 1992 bonds was paid off in 2002. The Series 1998 bonds final payment is due December 2012.

The City is required to maintain a reserve account to be held and administered by the City. The balance in the reserve account as of June 30, 2005 was \$64,422.

**Water Revenue and Refunding Bonds, Series 2002**

<u>Year ending June 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	1.80%	\$ 37,000	\$ 20,844	\$ 57,844
2007	1.80%	71,000	20,178	91,178
2008	1.80%	75,000	18,900	93,900
2009	1.80%	80,000	17,550	97,550
2010	1.80%	85,000	16,110	101,110
2011-2015	1.80%	810,000	53,118	863,118
		1,158,000	<u>\$ 146,700</u>	<u>\$ 1,304,700</u>
Less debt issuance costs		<u>(47,485)</u>		
		<u>\$ 1,110,515</u>		

In April of 2002 the City issued Series 2002 Water Revenue and Refunding Bonds with a par value of \$1,158,000. Upon issuance of the Series 2002 bonds, \$718,000 was exchanged with the Board of Water Resources to retire the Series 2000B Bonds. The final payment for the Series 2002 Bonds is due December 2014.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 7 LONG-TERM DEBT (Continued)**

The City is required to maintain a debt service reserve account. The balance in the reserve account related to this bond as of June 30, 2005 is \$57,844.

Water Revenue Refunding Bonds, Series 2004

<u>Year ending June 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	2.05%	\$ 156,000	\$ 25,860	\$ 181,860
2007	2.30%	159,000	22,432	181,432
2008	2.70%	164,000	18,389	182,389
2009	3.05%	168,000	13,613	181,613
2010	3.35%	173,000	8,154	181,154
2011	3.65%	144,000	2,628	146,628
		964,000	\$ 91,076	\$ 1,055,076
Less debt issuance costs		(28,518)		
		<u>\$ 935,482</u>		

In January of 2004 the City issued Water Revenue Refunding Bond, Series 2004 with a par value of \$1,122,000 to refund the Water Revenue Bonds, Series 2000A. The reacquisition price exceeded the net carrying amount of the old debt by \$35,648. This amount is being amortized over the life of the bond. The refunding was undertaken to reduce total debt service payments by \$129,989 and resulted in an economic gain of \$79,296. The final payment for the Series 2004 bonds is due December 2010.

The City is required to maintain a debt service reserve account. The balance in the reserve account related to this bond as of June 30, 2005 is \$181,860.

General Obligation Refunding Bonds, Series 2003

<u>Year ending June 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	1.90%	\$ 395,000	\$ 212,300	\$ 607,300
2007	2.25%	400,000	204,047	604,047
2008	2.60%	410,000	194,217	604,217
2009	2.85%	420,000	182,902	602,902
2010	3.10%	430,000	170,252	600,252
2011-2015	3.40%-4.10%	2,390,000	606,445	2,996,445
2016-2018	4.25%-4.50%	1,675,000	113,159	1,788,159
		6,120,000	\$ 1,683,322	\$ 7,196,022
Less debt issuance costs		(1,479,193)		
		<u>\$ 4,640,807</u>		

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 7 LONG-TERM DEBT (Continued)**

**Golf Course Notes Payable**

The City shall pay a lender an amount equal to one hundred percent (100%) of all cash flow until the lender shall have been paid an amount equal to five percent (5%) of the total participation net income which has accrued from the date hereof through the end of the fiscal year for which the payment is being made and which has not been previously paid to the lender. The City's obligation to make payments to the lender shall commence at such time as the City shall have accumulated in the enterprise reserve fund the amount of one hundred seventy-five thousand dollars (\$175,000), which amount shall include any interest earned on funds deposited in the enterprise reserve fund. Prior to the accumulation of one hundred seventy-five thousand dollars (\$175,000), one hundred percent (100%) of the cash flow shall be deposited in the enterprise reserve fund. In any fiscal year the cash flow is not available to permit actual payment to the lender of amounts required to be paid pursuant to this section, then payment of such amounts shall be deferred until such time as cash flow shall be available to make payments. The annual due date of all payments shall be ninety (90) days after the close of each fiscal year. Computation of payment on this note is not determinable as it is based on net income. The golf course had no net income for the current year.

**NOTE 8 OTHER COMMITMENTS**

The City has entered into an agreement to guarantee the purchase of equipment by the South Davis Metro Fire Agency. The equipment is on a lease agreement for a total of approximately \$128,800. This includes interest of approximately \$5,000. The final payment is due September 2006.

The City has entered into agreements to construct a new City Shop and infrastructure improvements. The agreements total \$1,431,166 of which \$386,709 has been completed.

**NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

	Interfund Receivables	Interfund Payables
General Fund	\$ 908,032	\$ -
Water Fund	33,588	-
Golf Fund	-	941,620
	<u>\$ 941,620</u>	<u>\$ 941,620</u>

The General Fund receivable is due entirely from the Golf Fund and represents transferred subsidies made to the Golf Fund from Fiscal Years 1994 through 2000. The Water Fund receivable is due from the Golf Fund and represents amounts paid by the Water Fund to upgrade the golf course irrigation system in Fiscal Year 2001.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

Interfund transfers as of June 30, 2005 are as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 122,000	\$ 1,815,650
Capital Improvements Fund	1,150,000	-
Park Development Fund	-	-
Storm Drain Fund	-	75,000
Redevelopment Agency	-	2,000
Water Fund	-	45,000
Golf Fund	665,650	-
	<u>\$ 1,937,650</u>	<u>\$ 1,937,650</u>

The transfers from the General Fund are comprised of: \$1,150,000 to the Capital Improvement Project (CIP) Fund for future shop building, \$665,650 to the Golf Fund to (a) cover current year cash flow, (b) to eliminate prior years' deficit. The transfers to the General Fund are comprised of: \$2,000 received from the RDA for administrative expenses; \$45,000 administrative transfer from the water fund for City Engineer services provided (annual appropriation) and \$75,000 to repay prior year transfer to the Storm Drain Fund for detention basin project.

**NOTE 10 OTHER REQUIRED FUNDS DISCLOSURE**

For the year ended June 30, 2005, the following departments and funds exceeded appropriations:

General Fund	
Government buildings	\$ 719
Planning and zoning	4,323
Sanitation	2,501
Parks	1,299
Recreation	3,867
Park Development Special Revenue Fund	11,437
Storm Drain Special Revenue Fund	1,052

**NOTE 11 INTERLOCAL AGREEMENTS AND SERVICE DISTRICTS**

The City participates in the following special districts to provide services to its residents:

Davis County Solid Waste Management and Emergency Recovery Special Service District  
 South Davis Metro Fire Agency  
 South Davis County Sewer District

The Solid Waste Management District and Sewer District bill system users directly for services received. The City paid the Fire District \$730,710 for fire services.

The City has representatives on the governing boards of the above districts but does not have total or final control over the fiscal or administrative activities of these entities. Payments or services to these entities are included in the expenditures of the City's general fund. Separate financial statements are prepared by these districts and are publicly available through their offices.



**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 12 RETIREMENT PLANS**

**Plan Description**

The City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Retirement System for employers with (without) Social Security coverage, both of which are cost-sharing, multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living allowances and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor.

The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System and the Public Safety Retirement System for employers with (without) Social Security coverage, which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. The City is required to contribute a percent of covered salary to the respective systems, 11.090% to the Local Government Noncontributory and 19.080% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ended June 30, 2005, 2004 and 2003 respectively were: for the Noncontributory System, \$144,719, \$119,652, and \$97,640; for the Public Safety Noncontributory, \$85,691, \$72,633, and \$57,506, respectively. The contributions were equal to the required contributions for the year.

**IRC Code Section 401K Plan**

The City participates in a 401K plan offered through the Utah State Retirement System. The contribution for fiscal year ended June 30, 2005 was \$205,506, which consisted of \$46,806 from employee contributions and \$158,700 from City contributions.

**IRC Code Section 457 Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets and income of the Internal Revenue Code Section 457 Plan are held in trust by the Utah Retirement System for the exclusive benefit of the participants or their beneficiaries.

**CITY OF NORTH SALT LAKE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 13 POST-RETIREMENT HEALTH CARE BENEFITS**

In addition to the pension benefits described in Note 12, in the past, the City provided post-retirement health care benefits to employees who retired from the City with at least 20 years of service with the City. Currently, the City does not offer this benefit. Expenditures for post-retirement health care benefits are recognized on a monthly basis as the premiums are paid. During the year, expenditures of \$0 were recognized for post-retirement health care.

**NOTE 14 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2005 there were not outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2005 which exceeded its insurance coverage.

**NOTE 15 CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2005, there were two series of industrial revenue bonds outstanding. The aggregate principal amount payable was approximately \$415,000. The notes will be fully paid off in fiscal year 2007.

**NOTE 16 REDEVELOPMENT AGENCY**

In accordance with Utah State law, the City makes the following disclosures relative to the North Salt Lake City Redevelopment Agency (RDA): The RDA collected \$37,219 for project area 2 of tax increment monies. None of these funds were paid out to any taxing agency. The RDA has no outstanding bonds or other loans incurred to finance costs associated with its project area.

The RDA expended \$2,000 for administrative costs, and \$35,219 was paid to the developer, toward project area 2.

**SUPPLEMENTAL INFORMATION**

**CITY OF NORTH SALT LAKE**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2005**

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Park Development</b>	<b>Storm Drain</b>	<b>Redevelopment Agency</b>	
<b>Assets:</b>				
Receivables:				
Taxes	\$ -	\$ -	\$ 36,000	\$ 36,000
Restricted assets:				
Cash and cash equivalents	832,105	38,434	5,652	876,191
<b>Total Assets</b>	<b>\$ 832,105</b>	<b>\$ 38,434</b>	<b>\$ 41,652</b>	<b>\$ 912,191</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	27,200	3,675	-	30,875
Deferred revenues	-	-	36,000	36,000
<b>Total Liabilities</b>	<b>27,200</b>	<b>3,675</b>	<b>36,000</b>	<b>66,875</b>
<b>Fund Balances:</b>				
Reserved for:				
Impact fees	804,905	34,759	-	839,664
Property tax increment	-	-	5,652	5,652
<b>Total Fund Balances</b>	<b>804,905</b>	<b>34,759</b>	<b>5,652</b>	<b>845,316</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 832,105</b>	<b>\$ 38,434</b>	<b>\$ 41,652</b>	<b>\$ 912,191</b>

**CITY OF NORTH SALT LAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2005**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Park Development	Storm Drain	Redevelopment Agency	
<b>Revenues:</b>				
Property tax increment	\$ -	\$ -	\$ 37,219	\$ 37,219
Impact fees	563,850	171,480	-	735,330
Interest	17,099	1,377	197	18,673
<b>Total Revenues</b>	<b>580,949</b>	<b>172,857</b>	<b>37,416</b>	<b>791,222</b>
<b>Expenditures:</b>				
Improvements	64,737	60,339	-	125,076
Payments to developers	224,700	32,213	35,219	292,132
<b>Total Expenditures</b>	<b>289,437</b>	<b>92,552</b>	<b>35,219</b>	<b>417,208</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	291,512	80,305	2,197	374,014
<b>Other Financing Sources</b>				
(Uses):				
Transfer out	-	(75,000)	(2,000)	(77,000)
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>(75,000)</b>	<b>(2,000)</b>	<b>(77,000)</b>
<b>Net Change in Fund Balance</b>	<b>291,512</b>	<b>5,305</b>	<b>197</b>	<b>297,014</b>
<b>Fund Balance, Beginning</b>	<b>513,393</b>	<b>29,454</b>	<b>5,455</b>	<b>548,302</b>
<b>Fund Balance, Ending</b>	<b>\$ 804,905</b>	<b>\$ 34,759</b>	<b>\$ 5,652</b>	<b>\$ 845,316</b>

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Parks, recreation, and public property	446,000	700,000	668,003	31,997
<b>Total Expenditures</b>	446,000	700,000	668,003	31,997
Excess of Revenues Over (Under) Expenditures	(446,000)	(700,000)	(668,003)	31,997
<b>Other Financing Sources (Uses):</b>				
Transfer in	446,000	1,150,000	1,150,000	-
<b>Total Other Financing             Sources (Uses)</b>	446,000	1,150,000	1,150,000	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 450,000</u>	481,997	<u>\$ 31,997</u>
<b>Fund Balance, Beginning</b>			1,372,252	
<b>Fund Balance, Ending</b>			<u>\$ 1,854,249</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR PARK DEVELOPMENT**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 250,000	\$ 570,000	\$ 563,850	\$ (6,150)
Interest	5,000	18,000	17,099	(901)
<b>Total Revenues</b>	<u>255,000</u>	<u>588,000</u>	<u>580,949</u>	<u>(7,051)</u>
<b>Expenditures:</b>				
Improvements	-	68,000	64,737	3,263
Payments to developers	64,000	210,000	224,700	(14,700)
<b>Total Expenditures</b>	<u>64,000</u>	<u>278,000</u>	<u>289,437</u>	<u>(11,437)</u>
Excess of Revenues Over (Under) Expenditures	<u>191,000</u>	<u>310,000</u>	<u>291,512</u>	<u>(18,488)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	<u>(46,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing         Sources (Uses)</b>	<u>(46,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 145,000</u>	<u>\$ 310,000</u>	<u>291,512</u>	<u>\$ (18,488)</u>
<b>Fund Balance, Beginning</b>			<u>513,393</u>	
<b>Fund Balance, Ending</b>			<u>\$ 804,905</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR STORM DRAIN SPECIAL**  
**REVENUE FUND**

**For The Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 125,000	\$ 160,000	\$ 171,480	\$ 11,480
Interest	500	1,500	1,377	(123)
<b>Total Revenues</b>	<u>125,500</u>	<u>161,500</u>	<u>172,857</u>	<u>11,357</u>
<b>Expenditures:</b>				
Improvements	-	61,500	60,339	1,161
Payments to developers	30,000	30,000	32,213	(2,213)
<b>Total Expenditures</b>	<u>30,000</u>	<u>91,500</u>	<u>92,552</u>	<u>(1,052)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>95,500</u>	<u>70,000</u>	<u>80,305</u>	<u>10,305</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
<b>Total Other Financing     Sources (Uses)</b>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 20,500</u>	<u>\$ (5,000)</u>	<u>5,305</u>	<u>\$ 10,305</u>
<b>Fund Balance, Beginning</b>			<u>29,454</u>	
<b>Fund Balance, Ending</b>			<u>\$ 34,759</u>	



**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with final budget - Under (Over)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 38,000	\$ 38,000	\$ 37,219	\$ (781)
Interest	500	200	197	(3)
<b>Total Revenues</b>	<u>38,500</u>	<u>38,200</u>	<u>37,416</u>	<u>(784)</u>
<b>Expenditures:</b>				
Current:				
Payments to developers	36,500	36,200	35,219	981
<b>Total Expenditures</b>	<u>36,500</u>	<u>36,200</u>	<u>35,219</u>	<u>981</u>
Excess of Revenues Over (Under)				
Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,197</u>	<u>197</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>Total Other Financing         Sources (Uses)</b>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	197	<u>\$ 197</u>
<b>Fund Balance, Beginning</b>			5,455	
<b>Fund Balance, Ending</b>			<u>\$ 5,652</u>	

**STATISTICAL SECTION**

**CITY OF NORTH SALT LAKE**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**Last Ten Fiscal Years**  
**Table 1**

<b>Fiscal Year</b>	<b>General Government and Redevelopment</b>	<b>Public Safety</b>	<b>Pub. Health (Sanitation)</b>	<b>Highways and Streets</b>	<b>Parks &amp; Recreation</b>	<b>Debt Service</b>	<b>Total</b>
1996	\$ 675,364	\$ 943,228	\$ -	\$ 1,047,856	\$ 119,839	\$ 152,375	\$ 2,938,662
1997	624,913	1,079,733	-	1,428,536	226,633	149,992	3,509,807
1998	604,773	1,297,160	-	1,291,793	230,065	81,224	3,505,015
1999	640,782	1,571,683	340,952	1,279,921	216,401	76,985	4,126,724
2000	962,806	1,425,868	390,846	939,199	191,496	78,385	3,988,600
2001	1,044,628	1,499,487	392,214	1,995,849	142,161	106,359	5,180,698
2002	1,112,830	1,634,970	410,235	1,479,453	178,487	145,515	4,961,490
2003	1,060,196	1,611,964	423,931	1,002,976	161,920	64,082	4,325,069
2004	1,179,334	1,712,506	451,492	1,536,017	353,993	284,328	5,517,670
2005	1,338,641	1,915,414	496,901	1,559,141	1,191,481	-	6,501,578

(1) Includes General, Redevelopment Agency, Municipal Building Authority, Development Impact Fee, and Capital Projects Funds.

**CITY OF NORTH SALT LAKE**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**Last Ten Fiscal Years**  
**Table 2**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Impact Fees</u>	<u>Fines and Forfeitures</u>	<u>Interest and Miscellaneous</u>	<u>Total Revenues</u>
1996	\$ 1,901,411	\$ 53,069	\$ 148,473	\$ 628,958	\$ -	\$ 332,416	\$ 112,133	\$ 3,176,460
1997	2,112,646	34,124	189,862	643,992	-	324,547	90,914	3,396,085
1998	2,506,957	34,791	271,142	616,858	65,469	289,412	96,524	3,881,153
1999	2,415,539	39,053	503,109	667,667	74,745	319,562	101,478	4,121,153
2000	3,140,224	39,570	355,445	670,130	59,002	390,857	78,330	4,733,558
2001	3,252,238	36,478	493,644	768,327	119,464	475,162	91,223	5,236,536
2002	3,676,073	67,278	292,315	670,746	97,184	562,532	114,859	5,480,987
2003	3,489,145	88,573	321,987	874,215	157,265	558,977	61,137	5,551,299
2004	3,711,402	88,755	358,074	1,430,114	633,188	601,023	78,906	6,901,462
2005	4,184,385	94,031	322,182	1,778,873	735,330	578,984	120,279	7,814,064

(1) Includes General, Redevelopment Agency, Municipal Building Authority, Development Impact Fee, and Capital Projects Funds.

**CITY OF NORTH SALT LAKE**  
**TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**Table 3**

<b>Fiscal Year</b>	<b>General Property Tax (1)</b>	<b>General Sales and Use Tax</b>	<b>Franchise Tax</b>	<b>Fees in Lieu of Personal Property Tax</b>	<b>Total tax Revenue</b>
1996	\$ 697,206	\$ 1,093,123	\$ 10,181	\$ 95,594	\$ 1,896,104
1997	837,118	1,133,036	12,475	104,995	2,087,624
1998	838,849	1,377,882	13,311	118,185	2,348,227
1999	939,023	1,179,054	18,308	99,163	2,235,548
2000	934,669	1,369,996	584,227	84,829	2,973,721
2001	979,444	1,337,978	677,989	93,339	3,088,750
2002	1,056,674	1,586,589	726,478	105,691	3,475,432
2003	1,157,069	1,417,129	756,583	108,348	3,439,129
2004	1,218,722	1,489,712	868,950	96,462	3,673,846
2005	1,378,662	1,675,922	1,027,541	102,260	4,184,385

(1) Includes General and Redevelopment Agency Funds.

**CITY OF NORTH SALT LAKE**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**Table 4**

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1995-96	\$ 766,068	\$ 758,062	98.95	\$ 38,856	\$ 796,918	104.03
1996-97	840,977	804,617	95.68	28,790	833,407	99.10
1997-98	895,486	851,845	95.13	46,158	898,003	100.28
1997-98 RDA	138,535	138,535	100.00	-	138,535	100.00
1998-99	920,430	893,790	97.11	19,008	912,798	99.17
1998-99 RDA	160,699	160,699	100.00	-	160,699	100.00
1999-00	956,981	905,911	94.66	47,396	953,307	99.62
1999-00 RDA	149,861	149,861	100.00	-	149,861	100.00
2000-01	1,082,167	989,681	91.45	55,462	1,045,143	96.58
2000-01 RDA	148,869	148,869	100.00	-	148,869	100.00
2001-02	1,120,051	1,060,010	94.64	70,157	1,130,167	100.90
2001-02 RDA	181,905	181,905	100.00	-	181,905	100.00
2002-03	1,210,399	1,136,060	93.86	64,391	1,200,451	99.18
2002-03 RDA	181,905	181,905	100.00	-	181,905	100.00
2003-04	1,345,743	1,272,146	94.53	64,448	1,336,593	99.32
2003-04 RDA	37,556	37,556	100.00	-	37,556	100.00
2004-05	1,253,697	1,160,662	92.58	84,458	1,245,120	99.32
2004-05 RDA	37,219	37,219	100.00	-	37,219	100.00

(1) This total tax levy includes an adjustment reflecting fees in lieu of personal property tax.

(2) Includes fees in lieu of personal property tax.

**CITY OF NORTH SALT LAKE**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**Table 5**

<u>Fiscal Year</u>	<u>Assessed Value (in thousands)</u>	<u>(2)</u>	<u>Estimated Actual Value (in thousands)</u>	<u>(1)</u>	<u>Ratio of Assessed to Estimated Actual Value</u>	<u>(1)</u>
1996	\$ 366,486					
1997	427,917					
1998	472,322					
1999	504,273					
2000	536,918					
2001	648,278					
2002	666,883					
2003	704,618					
2004	748,190					
2005	786,406					

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but from 1989 through 1994 residential property was assessed at 60% of market value, commercial property was assessed at 80% of market value, and personal property was assessed at 100% of market value. From 1995 through 2003, residential property was assessed at 55% of market value, commercial property was assessed at 100% of market value, and personal property was assessed at 100% of market value.

(2) The Assessed Value does not include registered vehicles.

**CITY OF NORTH SALT LAKE**  
**PROPERTY TAX RATES – ALL DIRECT OVERLAPPING GOVERNMENTS**  
**(Per \$1 of Taxable Value)**  
**Last Ten Fiscal Years**  
**Table 6**

Fiscal Year	Davis County School District (2)	Davis County (1)	Weber Basin Water	Mosquito Abatement District	South Davis Sewer District	North Salt Lake City	Davis County Library	Total Levy for North Salt Lake City Residents
1996	0.007408	0.002848	0.000154	0.000066	0.000457	0.001976	0.000321	0.013230
1997	0.007604	0.002648	0.000145	0.000123	0.000424	0.001903	0.000298	0.013145
1998	0.007393	0.001833	0.000139	0.000120	0.000415	0.001841	0.000292	0.012033
1999	0.007370	0.001769	0.000139	0.000064	0.000408	0.001773	0.000285	0.011808
2000	0.007513	0.001710	0.000200	0.000062	0.000393	0.001715	0.000435	0.012028
2001	0.007600	0.001664	0.000193	0.000061	0.000358	0.001637	0.000431	0.011944
2002	0.007610	0.001650	0.000193	0.000061	0.000361	0.001613	0.000431	0.011919
2003	0.007731	0.001954	0.000196	0.000094	0.000364	0.001627	0.000434	0.012400
2004	0.007821	0.001948	0.000198	0.000093	0.000366	0.001652	0.000432	0.012510
2005	0.007684	0.001921	0.000193	0.000091	0.000357	0.001645	0.000426	0.012317

(1) Includes a tax rate for assessing and collecting of property taxes.

(2) Includes state uniform school fund.



**CITY OF NORTH SALT LAKE  
SPECIAL ASSESSMENT COLLECTIONS  
Last Ten Fiscal Years  
Table 7**

No current assessments were due or collected in 1996 through 2005.

Source: North Salt Lake City Treasurer's Office

**CITY OF NORTH SALT LAKE**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET**  
**GENERAL BONDED DEBT PER CAPITA**  
**Last Ten Fiscal Years**  
**Table 8**

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value (in thousands) (3)</b>	<b>Gross Bonded Debt (2)</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1996	7,835	366,486	7,060,000	-	\$ 7,060,000	1.93%	\$ 901
1997	8,064	427,917	7,060,000	-	\$ 7,060,000	1.65%	\$ 875
1998	8,292	472,322	6,990,000	-	\$ 6,990,000	1.48%	\$ 843
1999	8,521	504,273	6,910,000	-	\$ 6,910,000	1.37%	\$ 811
2000	8,749 (1)	536,918	6,755,000	-	\$ 6,755,000	1.26%	\$ 772
2001	9,083	648,278	6,585,000	-	\$ 6,585,000	1.02%	\$ 725
2002	9,176	666,883	6,410,000	-	\$ 6,410,000	0.96%	\$ 699
2003	9,350	704,618	6,185,000	-	\$ 6,185,000	0.88%	\$ 661
2004	9,700	729,061	6,205,000	-	\$ 6,205,000	0.85%	\$ 640
2005	10,500	786,406	6,120,000 (4)	-	\$ 6,120,000	0.78%	\$ 583

(1) Population for 2000 was received from the U.S. Census Bureau. Population figures for all other years are estimates.

(2) Includes all long-term general obligation debt.

(3) Assessed Value does not include registered vehicles.

(4) Gross Bonded Debt refinanced in August 2003

**CITY OF NORTH SALT LAKE**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2005**  
**Table 9**

<b>TOTAL ASSESSED VALUE</b>		<u><u>\$ 786,406,016</u></u>
Debt limit - 12% of total assessed value		\$ 94,368,722
Amount of debt applicable to debt limits		
General Obligation Bonds	\$ 5,620,000	
Less assets available for payment of principal	<u>-</u>	
Total amount of debt applicable to debt limit		<u>5,620,000</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 88,748,722</u></u>

**CITY OF NORTH SALT LAKE**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2005**  
**Table 10**

	<u>Gross Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable North Salt Lake City</u>	<u>Amount Applicable to North Salt Lake City</u>
State of Utah	\$ 1,514,510,000	0.63 %	\$ 9,541,413
Weber Basin Water Conservancy District	36,603,445	2.88	1,054,179
Davis County	1,645,000	7.57	124,527
Davis School District	210,890,000	7.57	<u>15,964,373</u>
Overlapping debt			\$ 26,684,492
North Salt Lake City			<u>5,620,000</u>
Total direct and overlapping general obligation debt			<u><u>\$ 32,304,492</u></u>

**CITY OF NORTH SALT LAKE**  
**RATIO TO ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED**  
**DEBT TO GENERAL EXPENDITURES**  
**Last Ten Fiscal Years**  
**Table 11**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service (1)</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1996	\$ 50,000	\$ 415,552	\$ 465,552	\$ 2,938,662	0.16
1997	55,000	430,460	485,460	3,509,807	0.14
1998	130,000	425,717	555,717	3,505,015	0.16
1999	140,000	418,605	558,605	4,126,724	0.14
2000	220,000	409,229	629,229	3,988,600	0.16
2001	240,000	403,928	643,928	5,180,698	0.12
2002	296,000	402,975	698,975	4,961,490	0.14
2003	272,000	385,231	657,231	4,325,069	0.15
2004	588,000	284,902	872,902	4,714,661	0.19
2005	85,000	401,222	486,222	5,480,440	0.09

(1) Includes General, Municipal Building Authority, & Golf (G.O. debt) Funds for years 1996 through 2004.  
Year 2005 includes only the Golf Fund.

**CITY OF NORTH SALT LAKE**  
**REVENUE BOND COVERAGE (1)**  
**Last Ten Fiscal Years**  
**Table 12**

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue Available to Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Percentage of Coverage</u>
1996	\$ 699,451	\$ -	\$ 699,451	\$ 85,000	\$ 80,175	\$ 165,175	423
1997	714,395	-	714,395	85,000	76,450	161,450	442
1998	659,890	-	659,890	95,000	72,350	167,350	394
1999	668,283	-	668,283	100,000	67,699	167,699	399
2000	967,485	-	967,485	100,000	43,003	143,003	677
2001	1,253,865	-	1,253,865	105,000	37,572	142,572	879
2002	1,253,463	-	1,253,463	110,000	31,596	141,596	885
2003	1,196,045	-	1,196,045	249,000	123,683	372,683	321
2004	1,393,966	-	1,393,966	261,000	96,695	357,695	390
2005	1,591,927	-	1,591,927	228,000	90,498	318,498	500

(1) Water Enterprise Fund only

**CITY OF NORTH SALT LAKE  
DEMOGRAPHIC STATISTICS  
For the Year Ended June 30, 2005  
Table 13**

**CENSUS**

<u>Year</u>	<u>Population</u>
1940	Incorporated 1946
1950	789
1960	1,405
1970 (1)	2,143
1980 (1)	5,548
1990 (1)	6,474
2000 (1)	8,749
2001 (2)	9,069
2002 (2)	9,151
2003 (2)	9,280
2004 (2)	9,555

**2000 Age Distribution of Population (1)**

<u>Age</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	880	10.06 %
5 to 9 years	750	8.57
10 to 14 years	721	8.24
15 to 19 years	746	8.53
20 to 24 years	833	9.52
25 to 34 years	1,312	15.00
35 to 44 years	1,246	14.24
45 to 54 years	995	11.37
55 to 59 years	355	4.06
60 to 64 years	233	2.66
65 to 74 years	383	4.38
75 to 84 years	233	2.66
85 years and over	62	0.71
<i>Median age:</i>	32.5 years	
	8,749	100.00 %

**CENSUS**

<u>Year</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
1994	\$ 17,837	3.4 %
1995	18,885	3.4
1996	20,091	3.4
1997	21,599	3.2
1998	22,650	3.0
1999	23,405	3.4
2000	25,066	3.4
2001	25,693	3.1
2002	26,024	3.9
2003	26,265	5.2

(1) Source: United States Census (Actual Data).

(2) Estimate from Governor's Office of Planning and Budget (Projected Data).

(3) State of Utah, Department of Workforce Services (data available at Davis County level only)

(4) State of Utah, Tax Commission, Economics & Statistics Unit

**CITY OF NORTH SALT LAKE**  
**PROPERTY VALUE AND CONSTRUCTION**  
**June 30, 2005**  
**Table 14**

<b>Fiscal Year</b>	<b>Commercial Construction</b>		<b>Residential Construction</b>		<b>Property Value (in thousands) (1)</b>
	<b>Number of Units</b>	<b>Value (in thousands)</b>	<b>Number of Units</b>	<b>Value (in thousands)</b>	
1996	34	22,834	77	15,236	
1997	40	3,723	109	19,663	
1998	47	8,275	84	20,263	
1999	55	7,339	69	17,865	
2000	22	6,741	63	15,167	
2001	16	6,383	93	23,282	
2002	10	5,044	55	15,843	
2003	21	5,255	109	33,048	
2004	30	7,452	252	64,601	
2005	40	14,885	485	102,799	

(1) Not determinable. County Assessor cannot readily provide breakdown of assessed value of residential versus commercial property, but from 1989 through 1994 residential property was assessed at 60% of market value, commercial property was assessed at 80% of market value, and personal property was assessed at 100% of market value. From 1995 through 2004, residential property was assessed at 55% of market value, commercial property was assessed at 100% of market value, and personal property was assessed at 100% of market value.

Source: [www.constructionmonitor.com](http://www.constructionmonitor.com)



**CITY OF NORTH SALT LAKE**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**June 30, 2005**  
**Table 15**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total</u>
Chevron Pipeline	Oil Refinery/Distribution	\$ 82,668,844	10.51 %
Big West Oil	Oil Refinery	54,750,019	6.96
Albertson's Inc	Grocery Store Distribution Center	32,267,305	4.10
Fedex Ground Package Sys	Courier	8,521,184	1.08
Salt Lake Terminal Company	Electronic Assembly	7,770,127	0.99
More Applied Utah LLC	Property Mgr for Zero Enclosures	6,272,230	0.8
Motor Cargo	Freight Transportation	6,077,151	0.77
ACR Communities	Mobile Home Park Management Co.	5,857,819	0.74
PacifiCorp	Power Distributor	5,431,464	0.69
Union Avenue Partnership	Interstate Transportation	5,146,730	0.65
Total		<u>\$ 214,762,873</u>	<u>27.29 %</u>

Source: Davis County Auditor's Office

**CITY OF NORTH SALT LAKE**  
**MISCELLANEOUS STATISTICS**  
**June 30, 2005**  
**Table 16**

Year of Incorporation .....	1946
Form of Government .....	Mayor-Council
Governing Body.....	Mayor & Council (5 members)
Area .....	8.1 square miles
Miles of Streets .....	45.85
Fire Protection:	
Number of stations .....	1
Number of sworn officers .....	11
Number of non-sworn personnel .....	2
Education:	
Number of elementary schools .....	1
Municipal water department:	
Number of customers .....	853
Average daily consumption .....	2,632,950 gallons
Building Permits Issued:	
Residential .....	485
Non-Residential .....	40
Recreation and culture:	
Number of parks .....	3
Number of trails or parkways .....	2
Number of covered picnic areas .....	7
Number of tennis courts .....	2
Number of soccer fields.....	1
Number of ball diamonds .....	2
Number of golf courses .....	1 (18 holes)
Number of banquet centers .....	1 (part of golf clubhouse)
City employees:	
Part-time (PT) or Seasonal .....	100
Full-time* (FT) .....	42
*Number of FT Employees by Department:	
General Government .....	9
Building .....	3
Police .....	13
Streets .....	4
Parks .....	2
Water .....	5
Golf .....	6

**CITY OF NORTH SALT LAKE  
NORTH SALT LAKE, UTAH**

**SUPPLEMENTARY REPORTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**CITY OF NORTH SALT LAKE  
SUPPLEMENTARY REPORTS  
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**Jensen & Keddington, P.C.**

Certified Public Accountants

Jeffrey B. Jensen, CPA  
Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the City Council  
City of North Salt Lake, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake as of and for the year ended June 30, 2005, which collectively comprise the City of North Salt Lake's basic financial statements, and have issued our report thereon dated August 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of North Salt Lake's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Salt Lake's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City of North Salt Lake in the accompanying *Schedule of Findings and Recommendations*.

This report is intended solely for the information and use of the Mayor, City Council and management of the City of North Salt Lake, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 4, 2005

**AUDITOR'S REPORT ON  
STATE OF UTAH  
LEGAL COMPLIANCE**



**Jensen & Keddington, P.C.**

Certified Public Accountants

Jeffrey B. Jensen, CPA  
Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA

Honorable Mayor and  
Members of City Council  
City of North Salt Lake, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake, for the year ended June 30, 2005, and have issued our report thereon dated August 4, 2005. As part of our audit, we have audited the City of North Salt Lake's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2004. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts
- B & C Road Funds
- Other General Compliance Issues
- Uniform Building Code Standards
- Impact Fees

The management of the City of North Salt Lake is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Recommendations*. We considered these instances of noncompliance in forming our opinion, which is expressed in the following paragraph.

In our opinion, the City of North Salt Lake complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

*Tensen & Keddington*

August 4, 2005

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For The Fiscal Year Ended June 30, 2005**

**STATE LEGAL COMPLIANCE**  
**IMMATERIAL INSTANCES OF NONCOMPLIANCE**

**EXPENDITURES IN EXCESS OF BUDGET**

**Finding**

Utah State Code states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund." The City's expenditures exceeded the budget in the following departments and fund:

<u>Department/Fund</u>	<u>Amount Expenditures Exceeded Budget</u>
General Fund	
Government buildings	719
Planning and Zoning	4,323
Sanitation	2,501
Parks	1,299
Recreation	3,867
Park Development Special Revenue Fund	11,437
Storm Drain Special Revenue Fund	1,052

**Recommendation**

We recommend that the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

**City Response**

We will monitor department and fund expenditures more closely to ensure full budgetary compliance.

**PAYMENT OF COURT FINES TO STATE**

**Finding**

Utah Code, Section 51-4-2(2)(a) states that all justice courts, having funds due to the State or any political subdivision, shall on or before the tenth day of the month, pay all funds receipted within the preceding month to the appropriate public treasurer. The payment for the funds collected in December was not submitted to the State until the 21st of January.

**Recommendation**

We recommend that the City pay all funds owed to the State before the tenth of the subsequent month.

**City Response**

We will monitor court surcharge payment even closer to ensure all twelve monthly payments comply each year.

**ADVERTISING FOR B&C ROAD PROJECTS**

**Finding**

Utah Code, Section 72-6-108 states that the advertisements for bids on B and C roads be published in a newspaper of general circulation in the county in which such work is to be performed at least once a week for three consecutive weeks. The advertisement done for Odell Street Lane Widening project was not advertised for three weeks. It was advertised for 5 days, because another firm did all the work for compliance.

**Recommendation**

We recommend that the City advertise for bids for three weeks.

**City Response**

City administrative staff will watch this more closely to ensure proper advertising duration for these project types.